

APPROVED  
by the decision of the Annual General Meeting of  
Shareholders of PJSC ROSSETI  
June 30, 2017  
(Minutes of the Meeting of July 05, 2017)

ARTICLES OF ASSOCIATION  
of  
Public Joint Stock Company  
ROSSETI  
(restated version)

Moscow  
2017

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## **Article 1. General**

1.1. Public Joint Stock Company ROSSETI (hereinafter, the "Company"), previously known as Joint Stock Company ROSSETI and JSC Interregional Distribution Grid Companies Holding, is established as a result of the reorganization of RAO UES of Russia through a spin-off in accordance with the decision of the Extraordinary General Meeting of Shareholders of RAO UES of Russia (the Minutes of October 30, 2007).

1.2. The Company's activities shall be governed by the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies," the Federal Law "On the Electric Power Industry," the Federal Law "On Particular Issues of Functioning of the Electric Power Industry and on Amendments to Certain Legal Acts of the Russian Federation and Invalidation of Certain Legal Acts of the Russian Federation in Connection with the Enactment of the Federal Law 'On the Electric Power Industry'," other laws and regulations of the Russian Federation, and these Articles of Association.

1.3. The full corporate name of the Company is "Публичное акционерное общество «Российские сети»" in the Russian language and "Public Joint Stock Company ROSSETI" in the English language.

1.4. The short corporate name of the Company is "ПАО «Россети»" in the Russian language and "PJSC ROSSETI" in the English language.

The previous short corporate names of the Company are "ОАО «Россети»" and "ОАО «Холдинг МРСК»" in the Russian language and "PJSC ROSSETI," "JSC Russian Grids," and "JSC IDGC Holding" in the English language.

The previous full corporate names of the Company are "Joint Stock Company ROSSETI," "Joint Stock Company Russian Grids," and "JSC Interregional Distribution Grid Companies Holding" in the English language.

The Company's registered address is Moscow, Russia.

The Company's address is specified in the Uniform State Register of Juridical Persons.

The period of the Company's duration shall be perpetual.

## **Article 2. Legal Status and Liability of the Company**

2.1. The legal status of the Company shall be subject to the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies," other laws and regulations of the Russian Federation, and these Articles of Association.

2.2. The Company is a corporate entity and public joint-stock company pursuant to the laws of the Russian Federation.

2.3. The Company is a legal successor to RAO UES of Russia in relation to the rights and obligations of RAO UES of Russia that have transferred to the Company in accordance with the separation balance sheet.

2.4. The Company shall hold legal title to its separate assets and shall be liable with respect to its obligations with such assets; it may, on its own behalf, acquire and exercise property rights and personal non-property rights, perform duties, act as a claimant and respondent in court.

2.5. The Company may open bank accounts within and outside the Russian Federation in accordance with the prescribed procedure.

2.6. The Company shall be liable with respect to its liabilities with all of its property.

The Company shall not be liable with respect to any liabilities of the state and its authorities or any liabilities of its shareholders.

The shareholders of the Company shall not be liable with respect to any liabilities of the Company, except where otherwise provided for in the laws of the Russian Federation.

The shareholders may dispose of their shares without the consent of the other shareholders or the Company.

The shareholders of the Company shall bear the risk of loss associated with its activities to the extent of the value of their shareholdings.

2.7. The Company shall have a round seal bearing its full name in Russian and specifying its registered address.

The Company may have stamps, letterheads bearing its corporate name, its own corporate logo, and a duly registered trademark and other visual identity means.

2.8. The Company shall have civil law rights and obligations necessary to carry out any activities that are not forbidden by federal laws.

2.9. The Company may establish branch offices and open representative offices in accordance with the provisions of the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies," and other federal laws.

The Company shall be responsible for the activities of its branch office and representative office.

The details of the Company's branch offices and representative offices (if any) are specified in the Uniform State Register of Juridical Persons.

2.10. The Company may have subsidiary economic entities vested with the rights of corporate entities established, if existing within the Russian Federation, in accordance with the Federal Law "On Joint-Stock Companies," other federal laws, and these Articles of Association or, if existing outside the Russian Federation, in accordance with the laws of the foreign country where a subsidiary economic entity is domiciled, unless otherwise provided for in any international treaty to which the Russian Federation is a party.

2.11. For the purposes of these Articles of Association, an economic entity in which the Company has an ownership interest of more than twenty (20) percent of voting shares (stakes) shall be deemed to be a dependent company.

### **Article 3. Purpose and Scope of Business of the Company**

3.1. The principal purposes of the Company's activities are as follows:

- earn profit for the Company;
- manage the electric grid sector;
- ensure the Russian Federation's control over the activities of the territorial grid organizations established in the course of reorganizing joint-stock companies for energy and electrification and over the activities of the organization managing the Unified National (All-Russian) Electric Grid;
- ensure the reliable functioning and development of the electric grid sector;
- create the necessary conditions for attracting investment with the aim of developing and enhancing the efficiency of the electric grid sector's activities;
- organize work on introducing advanced research results and innovative solutions into the electric grid sector.

3.2. For the purposes of earning profit, the Company may be engaged in any activities that are not forbidden by law, including:

- exercise of the rights of a shareholder (member) of the economic entities whose shares (stakes) are held by the Company;
- exercise of the authority vested in executive bodies of joint-stock companies and other economic entities in accordance with the procedure provided for in law and agreements entered into by the Company;
- development of electric grids and other electric grid facilities, including design, engineering research, construction, rehabilitation, re-equipment, installation, and equipment adjustment;
- development of communications and remote control networks, instrumentation and metering devices, protective relaying and automated emergency control equipment, and other process equipment related to the operation of electric grid facilities, including design, engineering research,

construction, rehabilitation, re-equipment, installation, and equipment adjustment;

- building inspection activities as a property developer or owner under contracts with engaged corporate entities or individual entrepreneurs;
- organization of construction, rehabilitation, and overhaul repair activities as a property developer or owner under contracts with engaged corporate entities or individual entrepreneurs (general contractors);
- activities in energy conservation and energy efficiency enhancement;
- asset management;
- provision of advisory services;
- securities-related transactions in accordance with the procedure set forth in the applicable laws of the Russian Federation;
- agency activities;
- design and estimate, exploration, and research and development work;
- foreign economic activities;
- forwarding services;
- performance of work determining the conditions of synchronous operation in accordance with the United Power System of Russia modes under contracts;
- operation of energy facilities that are not owned by the Company under contracts with the owners of such facilities;
- activities related to work associated with environment protection;
- activities related to environmental impact, environment protection, the use of natural resources, and the recovery, storage, and removal of industrial waste;
- supervision over the safe maintenance of electric and heat-consuming equipment used by customers connected to the Company's thermal and electric networks;
- educational activities, including extended education;
- training and knowledge evaluation with respect to rules, regulations, and guidelines related to operational maintenance, occupational health and safety, industrial safety, and fire protection;
- organization and performance of defense activities in connection with mobilization training, civil defense, emergencies, and the protection of national security information in accordance with the laws of the Russian Federation;
- safeguarding activities only for the purposes of the Company's own security within the Security Service of the Company whose operations shall be governed by the Law of the Russian Federation "On Private Detective and Safeguarding Activities in the Russian Federation" and the laws of the Russian Federation;
- support for the operation of power equipment in accordance with the applicable regulations; timely and high quality repair of power equipment; technical upgrading and rehabilitation of power facilities;
- energy supply to customers connected to the Company's electricity and heat networks under contracts;
- mastering of new equipment and technology ensuring the efficient, safe, and environmentally acceptable operation of the Company's facilities;
- activities related to the operation of heat networks;
- development of communications equipment and the provision of communications services;
- storage of oil and its derived products;
- operation of hazardous production facilities;
- operation of buildings and structures;
- metrological support for production;
- activities related to the treatment of hazardous waste;
- activities related to the operation of in-house gas networks;
- activities related to the repair of measuring instruments;

- other activities.

3.3. Where provided for in law, certain activities may only be available to the Company subject to a special permit (license), membership in a self-regulatory organization, or a permit issued by a self-regulatory organization for a specific type of work.

The Company's right to pursue an activity requiring a special permit (license), membership in a self-regulatory organization, or a permit issued by a self-regulatory organization for a specific type of work shall arise when such permit (license) is granted or on a date specified therein or when the Company is admitted into a self-regulatory organization or when a self-regulatory organization issues a permit for a specific type of work and shall terminate upon the termination of a permit (license), membership in a self-regulatory organization, or a permit issued by a self-regulatory organization for a specific type of work.

#### **Article 4. Authorized Capital and Shares of the Company**

4.1. The authorized capital of the Company is composed of the par value of the Company's shares purchased by its shareholders (outstanding shares).

The authorized capital of the Company is two hundred billion, nine hundred three million, fourteen thousand, five hundred twenty-five (200,903,014,525) rubles and consists of two hundred billion, nine hundred three million, fourteen thousand, five hundred twenty-five (200,903,014,525) shares.

4.2. The Company has placed shares of the following categories:

- 1) two billion, seventy-five million, one hundred forty-nine, three hundred eighty-four (2,075,149,384) preference shares, each with a par value of one (1) ruble.
- 2) one hundred ninety-eight billion, eight hundred twenty-seven million, eight hundred sixty-five thousand, one hundred forty-one (198,827,865,141) ordinary shares, each with a par value of one (1) ruble.

4.3. The authorized capital of the Company may be increased by raising the par value of the shares or by placing additional shares.

The authorized capital of the Company may be increased by placing additional shares against the Company's property. The Company's authorized capital may be increased by raising the par value of the shares only against the Company's property.

The amount of an increase in the authorized capital of the Company against the Company's property may not exceed the difference between the Company's net asset value and the sum of the Company's authorized capital and reserve fund.

Any decision to increase the authorized capital of the Company by raising the par value of the shares shall be adopted by the General Meeting of Shareholders of the Company.

The following may not be done unless by a decision of the Company's General Meeting of Shareholders on raising the Company's authorized capital, adopted by a majority of three-fourths of votes held by the voting share holders attending the General Meeting of Shareholders:

- place additional shares through a private offering;

- place, through a public offering, additional ordinary shares exceeding 25 percent of the previously placed ordinary shares.

In other cases, any decision to raise the authorized capital by placing additional shares shall be adopted by the Company's Board of Directors. Any decision of the Company's Board of Directors to raise the authorized capital by placing additional shares shall be adopted unanimously by all members of the Company's Board of Directors, disregarding the votes by retired members of the Company's Board of Directors. If there is no unanimity of the Board of Directors on raising the authorized capital by placing additional shares, the Board of Directors may decide to put such issue on the agenda of the General Meeting of Shareholders of the Company.

4.4 The authorized capital of the Company may be increased only after it is paid for in full.

The method of payment for additional shares placed by means of subscription shall be determined by the decision on their placement and shall be in accordance with the requirements set forth in the laws of the Russian Federation.

Additional shares of the Company placed by means of subscription shall be placed only if they are paid for in full.

Payment for any additional shares placed by the Company may be offset against claims against the Company where provided for in the Federal Law "On Joint-Stock Companies."

4.5. The authorized capital of the Company may be decreased by reducing the par value of the shares or by reducing their total quantity, including through the purchase and retirement of a part of the Company's outstanding shares in accordance with these Articles of Association.

4.6. The authorized capital of the Company shall be decreased in accordance with the procedure set forth in the laws of the Russian Federation and these Articles of Association.

The Company shall be obliged to decrease its authorized capital where provided for in the Federal Law "On Joint-Stock Companies."

4.7. The Company shall be entitled to purchase its outstanding shares pursuant to a decision adopted by the General Meeting of Shareholders to decrease the authorized capital of the Company by purchasing a part of the outstanding shares with a view to reducing their total quantity.

The General Meeting of Shareholders shall not have the right to adopt any decision to decrease the authorized capital of the Company by purchasing a part of the outstanding shares with a view to reducing their total quantity if, as a result of such decrease, the total par value of the outstanding shares becomes lower than the minimum size of the authorized capital specified in the Federal Law "On Joint-Stock Companies."

Any shares purchased by the Company in accordance with this paragraph shall be retired upon the purchase thereof.

Pursuant to a decision adopted by the General Meeting of Shareholders, payment for the shares purchased in accordance with this paragraph may be made in cash and/or in kind.

4.8. In addition to its outstanding uncertificated registered ordinary shares, the Company authorizes nineteen billion, four hundred eighty-five million, eight hundred seventy-eight thousand, ninety-nine (19,485,878,099) shares, each with a par value of one (1) ruble, with the total par value of nineteen billion, four hundred eighty-five million, eight hundred seventy-eight thousand, ninety-nine (19,485,878,099) rubles.

The uncertificated registered ordinary shares authorized by the Company shall grant their holders the rights provided for in paragraph 5.2 of these Articles of Association.

## **Article 5. Rights and Obligations of Shareholders of the Company**

5.1. Each ordinary share of the Company shall have the same par value and provide its holder with the same scope of rights.

5.2. Any holders of the Company's ordinary shares shall have the following rights:

- take part in the Company's General Meeting of Shareholders with a right to vote on all issues falling within its competence in person or by proxy;
- dispose of the shares that they hold without the consent of the other shareholders or the Company;
- receive a portion of the net profit (dividends) to be distributed among shareholders in accordance with the procedure provided for in the laws of the Russian Federation and these Articles of Association;
- access the Company's documents in accordance with the procedure provided for in the laws of the Russian Federation and these Articles of Association;
- request that the Company buy back all or some of the shares that they hold where specified in the laws of the Russian Federation;
- enjoy the preemptive right if the Company makes a public placement of additional shares or issue-grade securities convertible into shares in proportion to the quantity of shares of that category (type) that they hold where specified in the laws of the Russian Federation;
- receive some of the Company's property (liquidation value) in accordance with the procedure provided for in the laws of the Russian Federation and these Articles of Association;
- appeal decisions of the Company's management bodies if such decisions have civil law consequences in the cases and in accordance with the procedure provided for in the laws of the Russian Federation;
- demand indemnification for losses incurred by the Company;
- contest transactions completed by the Company for reasons provided for in the laws of the Russian Federation and demand that the consequences of their invalidity be applied and that the consequences of the invalidity of the Company's void transactions be applied;
- enter into an agreement for the exercise of corporate rights (corporate agreement) with other shareholders and with the Company's creditors and other third parties;
- exercise other rights specified in the laws of the Russian Federation, these Articles of Association, and decisions adopted by the General Meeting of Shareholders within its competence.

5.2.1. Any holders of the Company's ordinary shares shall have the following obligations:

- participate in creating the Company's property in the necessary amount in accordance with the procedure, in the manner, and within the period provided for in the laws of the Russian Federation or the Company's Articles of Association;
- keep undisclosed any confidential information about the Company's activities;
- participate in making the decisions without which the Company cannot continue with its activities under the law if shareholders' participation is necessary for making such decisions;
- forbear from any act that is deliberately aimed at causing harm to the Company;

- forbear from any act (omission to act) that makes it substantially difficult or impossible to achieve the goals of the Company's establishment;
- notify the Company that a corporate agreement has been entered into;
- notify the other shareholders of the Company in advance of their intention to take legal action to contest a decision of the General Meeting of Shareholders of the Company, indemnify the Company for its losses, hold the Company's transaction invalid, or apply the consequences of the invalidity of a transaction by notice in writing to the Company to be received by the Company at least five days prior to the date of taking legal action.

The Company's shareholders may have other obligations provided for in the laws of the Russian Federation and these Articles of Association.

Conversion of ordinary shares into preference shares, bonds or any other securities shall not be permitted.

5.3. Preference share holders shall be entitled to a fixed annual dividend. The total amount to be paid as a dividend on each preference share shall be equal to ten (10) percent of the Company's net profit for the reporting year divided by the number of shares constituting twenty-five (25) percent of the Company's authorized capital. If the amount of dividends payable by the Company on each ordinary share in a certain year exceeds the amount payable as a dividend on each preference share, the size of the dividend payable on the latter shall be increased to the size of the dividend payable on ordinary shares.

Dividends shall be paid to preference share holders annually within the time periods specified in paragraph 8.5 of these Articles of Association and, additionally, on the date of dividend payment for ordinary shares if, subject to this paragraph, the size of the dividend on preference shares shall be increased to the size of the dividend payable on ordinary shares.

5.4. The Company shall not be entitled to pay dividends on preference shares following a procedure different from the procedure provided for in these Articles of Association.

5.5. The Company shall not have the right to pay dividends on ordinary shares before it pays dividends on preference shares.

5.6. Preference share holders shall be entitled to attend General Meetings of Shareholders with a right to vote on all issues falling within its competence, starting from the meeting following the Annual General Meeting of Shareholders which, for any reason, does not decide to pay dividends or decides to pay partial dividends on preference shares. Preference share holders' right to attend General Meetings of Shareholders shall terminate from the date of the first full payment of dividends on such shares.

5.7. Preference share holders shall attend the Company's General Meeting of Shareholders with a right to vote on issues pertaining to the Company's reorganization and liquidation.

Preference share holders shall acquire a right to vote when the Company's General Meeting of Shareholders discusses amendments to the Company's Articles of Association restricting the rights of holders of preference shares of such type and providing holders of preference shares of other types with advantages in terms of dividend payment priority and/or liquidation value of shares. Any decision on such amendments shall be deemed adopted if supported by at least three-fourths of votes held by

the voting share holders attending the General Meeting of Shareholders, except for the votes of preference share holders, and three-fourths of votes held by all preference share holders.

Preference share holders owning a certain type of preference share shall acquire a right to vote when the Company's General Meeting of Shareholders discusses an application for the delisting of such type of preference share. Any decision on such issues shall be deemed adopted if supported by at least three-fourths of votes held by the voting share holders attending the General Meeting of Shareholders, except for the votes of preference share holders owning such type of preference share, and three-fourths of votes held by all preference share holders owning such type of preference share.

5.8. The Company's shareholders shall have the preemptive right to acquire publicly placed additional shares of the Company and issue-grade securities convertible into the Company's shares in proportion to the number of their shares of that category (type).

The Company's shareholders who vote against or do not participate in the voting on any private placement of the Company's shares or issue-grade securities convertible into the Company's shares shall have the preemptive right to acquire additional shares and issue-grade securities convertible into the Company's shares and placed privately in proportion to the number of their shares of that category (type). The said right shall not apply to the private placement of shares and other issue-grade securities convertible into shares among the existing shareholders only if the shareholders may acquire a whole number of such shares or any other issue-grade securities convertible into shares in proportion to the number of their shares of the relevant category (type).

5.9. In the event that the Company is liquidated, the Company's property remaining after the creditors' claims are met shall be used for payments in the following order of priority:

first, payments for shares which shall be bought back pursuant to Article 75 of the Federal Law "On Joint-Stock Companies";

second, payment of accrued and unpaid dividends on preference shares and the liquidation value payable in relation to preference shares as specified in the Articles of Association of the Company;

third, distribution of the property among ordinary share holders and holders of all types of preference shares.

5.10. Under an agreement with the Company, for the purposes of financing and maintaining the Company's activities, the shareholders shall have the right to make at any time unremunerated contributions to the Company's property in cash or otherwise, provided that such contributions do not increase the Company's authorized capital and do not change the par value of shares.

Any agreement whereby the shareholders make contributions to the Company's property requires prior approval from the Board of Directors of the Company.

## **Article 6. Bonds and Other Issue-Grade Securities of the Company**

6.1. The Company shall have the right to place bonds or any other issue-grade securities of the Company convertible into the Company's shares through a public or private offering.

6.2. Placement of issue-grade securities of the Company convertible into shares through a private offering shall require a decision of the Company's General Meeting of Shareholders adopted by

a majority of three-fourths of votes held by the voting share holders attending the General Meeting of Shareholders.

Placement of issue-grade securities convertible into ordinary shares exceeding 25 percent of the previously placed ordinary shares through a public offering shall require a decision of the Company's General Meeting of Shareholders adopted by a majority of three-fourths of votes held by the voting share holders attending the General Meeting of Shareholders.

In other cases, the decision to place bonds and other issue-grade securities of the Company convertible into the Company's shares shall be adopted by the Company's Board of Directors.

6.3. Bonds and other issue-grade securities of the Company placed by means of subscription shall be placed only if they are paid for in full.

### **Article 7. Funds of the Company**

7.1. The Company shall set up a reserve fund and, subject to a decision adopted by the Board of Directors, other funds and reserves which are necessary for its activities.

7.2. The Company shall have a reserve fund equal to five (5) percent of its authorized capital.

The reserve fund of the Company shall be designed to cover its losses and redeem the Company's bonds and buy back the Company's shares if there are no other funds available for these purposes, and it may not be used for any other purposes.

7.3. The procedure of forming and using the Company's funds shall be defined by the Company's Board of Directors.

### **Article 8. Dividends of the Company**

8.1. The Company shall be entitled, based on the results of the first quarter, half, or nine months of the reporting year and/or based on the results of the reporting year, to decide on (declare) payment of dividends on the Company's outstanding shares, unless otherwise provided for in the Federal Law "On Joint-Stock Companies." Any decision to pay (declare) dividends based on the results of the first quarter, half, or nine months of the reporting year may be adopted within three (3) months after the end of the relevant period.

The Company shall be obliged to pay the declared dividends on shares of each category (type), unless otherwise provided for in the Federal Law "On Joint-Stock Companies."

8.2. The General Meeting of Shareholders shall be entitled to decide not to pay dividends on shares of a certain category and not to pay dividends on preference shares in full.

8.3. The Company may not decide on (declare) payment of dividends on shares:

- until the Company's authorized capital is paid in full;

- until all shares to be bought back under Article 76 of the Federal Law "On Joint-Stock Companies" have been bought back;

- if, on the date of such decision, the Company meets the insolvency (bankruptcy) criteria under the laws of the Russian Federation on insolvency (bankruptcy) or if said criteria are met as a result of dividend payment;

- if, on the date of such decision, the net asset value of the Company is less than its authorized capital and reserve fund and the excess of the liquidation value of outstanding preference shares specified in these Articles of Association over the par value or becomes so following such decision;

- otherwise as provided for in federal laws.

8.4. The Company may not pay declared dividends on shares:

- if, on the date of such payment, the Company meets the insolvency (bankruptcy) criteria under the laws of the Russian Federation on insolvency (bankruptcy) or if said criteria are met as a result of dividend payment;

- if, on the date of such payment, the net asset value of the Company is less than its authorized capital and reserve fund and the excess of the liquidation value of outstanding preference shares specified in these Articles of Association over the par value or becomes so following such decision;

- otherwise as provided for in federal laws.

Upon cessation of the circumstances specified in this paragraph, the Company shall pay the declared dividends to the shareholders.

8.5. Any decision to pay (declare) dividends shall be subject to approval by the General Meeting of Shareholders. Such decision shall determine the amount of dividends on shares of each category (type), the dividend payment method, the dividend payment procedure other than in cash, and the date on which the persons entitled to dividends are determined. In this connection, any decision related to setting the date on which the persons entitled to dividends are determined shall be made only as proposed by the Company's Board of Directors. The amount of dividends may not exceed the amount of dividends recommended by the Company's Board of Directors.

Any decision to pay (declare) dividends on a certain type of preference share shall be adopted by a majority of votes held by the Company's voting share holders attending the General Meeting of Shareholders. In this connection, any votes held by preference share holders owning such type of preference share and cast "against" and "abstained" in relation to the voting variants shall not be taken into account for the purposes of tallying the votes and for the purposes of determining whether the General Meeting of Shareholders has a quorum to decide on such issue.

The date on which the persons entitled to dividends are determined in accordance with any decision to pay (declare) dividends may not be earlier than 10 days after the date of such decision to pay (declare) dividends or later than 20 days after the date of such decision.

Any dividend payment period in the case of such nominee shareholders and asset managers that are professional securities market participants as registered on the shareholder register shall not exceed 10 business days or, in the case of any other persons registered on the shareholder register, 25 business days after the date on which the persons entitled to dividends are determined.

8.6. Dividends shall be paid to the persons that hold shares of the relevant category (type) or the persons that exercise the rights attaching thereto under federal laws at the close of trading on the

date on which the persons entitled to dividends are determined in accordance with any decision to pay dividends.

Payment of dividends in cash shall be made by bank transfer by the Company or, on its instructions, by the registrar keeping the Company's shareholder register or by a credit institution.

Payment of dividends in cash to any individuals whose rights to shares are recorded in the Company's shareholder register shall be made by bank transfer into their accounts, whose details are available to the Company's registrar, or, in the absence of the details of bank accounts, by postal order and, in the case of any other persons whose rights to shares are recorded in the Company's shareholder register, by bank transfer into their accounts. The Company shall be deemed to have performed its obligation to pay dividends to such persons as of the date when money is accepted by a federal postal organization for such postal order or as of the date when money is received by the credit institution that maintains the bank account of the person entitled to dividends or, if such person is a credit institution, is credited to the credit institution's account.

The persons that are entitled to dividends and whose rights to shares are recorded with any nominee shareholder shall receive dividends in cash in accordance with the procedure provided for in the securities laws of the Russian Federation. Any nominee shareholder that receives dividends and fails to perform the obligation to deliver such dividends as provided for in the securities laws of the Russian Federation for any reason beyond the control of such nominee shareholder shall return them to the Company within 10 days after the expiration of a period of one month after the expiration date of the dividend payment period.

Any person failing to receive dividends because the correct and necessary address or bank details are not available to the Company or the registrar or due to any other delay on the part of the creditor shall have the right to submit a request to pay such dividends (unclaimed dividends) within three years after the decision to pay such dividends.

If any deadline for requests to pay unclaimed dividends is missed, such deadline may not be reset unless any person entitled to dividends fails to submit such request on account of violence or threats.

Upon the expiration of such period, the declared dividends that have not been claimed by any shareholder shall be restored as part of the Company's undistributed profit, and the obligation to pay such dividends shall terminate.

## **Article 9. Management Bodies of the Company**

9.1. The Company's management bodies shall include:

- General Meeting of Shareholders;
- Board of Directors of the Company;
- Management Board of the Company (collegial executive body);
- Director General of the Company (sole executive body).

9.2. The Company's Internal Audit Commission shall control the Company's financial and economic activities.

## **Article 10. General Meeting of Shareholders of the Company**

10.1. The Company's highest management body is the General Meeting of Shareholders.

Once a year, the Annual General Meeting of Shareholders shall be held, not earlier than five months and not later than six months after the end of the reporting year.

The Annual General Meeting of Shareholders shall elect the Company's Board of Directors, the Company's Internal Audit Commission, approve the Company's Auditor, resolve issues specified in paragraphs 10.2.10 and 10.2.10.1 of these Articles of Association, and it may resolve other issues falling within the competence of the Company's General Meeting of Shareholders.

Any General Meeting of Shareholders other than the Annual General Meeting of Shareholders shall be extraordinary.

The date and procedure of the General Meeting of Shareholders, the list of materials (information) provided for shareholders during preparations for the General Meeting of Shareholders shall be determined by the Company's Board of Directors in accordance with the provisions of the Federal Law "On Joint-Stock Companies," other laws and regulations, and these Articles of Association.

Information (materials) with respect to items on the agenda of the General Meeting of Shareholders shall, 20 days or, in the case of the General Meeting of Shareholders the agenda of which contains an item concerning reorganization, 30 days prior to the General Meeting of Shareholders, be available to the persons entitled to participate therein. In this connection, the Company aims to ensure that materials for the General Meeting of Shareholders are available at least 30 days prior to the General Meeting of Shareholders.

Information (materials) with respect to items on the agenda of the General Meeting of Shareholders shall be provided for the persons whose rights to the Company's shares are accounted for by a custodian by means of providing them for the Company's registrar for sending them to a nominee shareholder registered on the shareholder register in accordance with the rules of the securities laws of the Russian Federation.

10.2. The competence of the General Meeting of Shareholders shall include the following issues:

1) amendments and supplements to the Company's Articles of Association or approval of a restated version of the Company's Articles of Association;

2) reorganization of the Company in accordance with the procedure provided for in federal law and these Articles of Association;

3) liquidation of the Company, appointment of a liquidation commission, and approval of an interim and final liquidation balance sheets;

4) election of members of the Company's Board of Directors and early termination of their powers, determination of the size of remuneration and compensation for members of the Company's Board of Directors;

5) determination of the quantity, par value, category (type) of authorized shares and rights attaching thereto;

6) increase in the Company's authorized capital by raising the par value of the shares or by placing additional shares of the Company where specified in these Articles of Association;

7) decrease in the Company's authorized capital by reducing the par value of the shares, by the Company's purchase of some shares in order to reduce their total quantity, and by retirement of the shares acquired or bought back by the Company;

8) election of members of the Company's Internal Audit Commission and early termination of their powers, determination of the size of remuneration and compensation for members of the Company's Internal Audit Commission;

9) approval of the Company's Auditor;

10) approval of annual reports and annual accounting (financial) statements of the Company;

10.1) distribution of profits (including dividend payment (declaration) except for dividend payment (declaration) based on the results of the first quarter, half, or nine months of the reporting year) and losses of the Company for the reporting year;

11) establishment of the procedure for holding the General Meeting of Shareholders;

12) share splitting and consolidation;

13) decisions to give consent or subsequent approval to transactions as specified in Article 83 of the Federal Law "On Joint-Stock Companies";

14) decisions to give consent or subsequent approval to major transactions as specified in Article 79 of the Federal Law "On Joint-Stock Companies";

15) decisions on the Company's participation in financial industrial groups, associations, and other groupings of commercial entities;

16) approval of internal documents governing the activities of the Company's bodies;

17) payment (declaration) of dividends based on the results of the first quarter, half, or nine months of the reporting year;

18) decisions on any application for the delisting of the Company's shares and/or the Company's issue-grade securities convertible into its shares;

19) other issues specified in the Federal Law "On Joint-Stock Companies."

10.3. Issues falling within the competence of the General Meeting of Shareholders may not be delegated to the Board of Directors of the Company, the Management Board of the Company, and the Director General of the Company.

The General Meeting of Shareholders shall not be entitled to discuss or adopt decisions on any issues falling beyond its competence as specified in the Federal Law "On Joint-Stock Companies."

Decisions on the issues specified in subparagraphs 1–3, 5, 14, and 18 of paragraph 10.2 of these Articles of Association in relation to the placement of additional shares through a private offering, in relation to the placement of additional shares exceeding twenty-five (25) percent of the previously placed ordinary shares through a public offering, in relation to a decrease in the authorized capital of the Company by reducing the par value of shares or by the Company's acquiring a part of shares in order to reduce their total quantity, and in relation to any other issues provided for in the Federal Law "On Joint-Stock Companies" and these Articles of Association shall be adopted at the General Meeting of Shareholders by a majority of three-fourths of votes held by the voting share holders attending the

General Meeting of Shareholders unless a different number of votes is specified in the Federal Law "On Joint-Stock Companies."

In other matters, decisions shall be adopted by a majority of votes held by the Company's voting share holders attending the General Meeting of Shareholders unless otherwise provided for in the Federal Law "On Joint-Stock Companies" or these Articles of Association.

Decisions on the issues specified in subparagraphs 2, 6, and 12–16 of paragraph 10.2 of the Company's Articles of Association, the issue in relation to a decrease in the authorized capital of the Company by reducing the par value of shares, and the issue in relation to determining the date of the list of the persons entitled to dividends shall be adopted by the General Meeting of Shareholders only subject to a proposal by the Company's Board of Directors.

Only a separate (individual) decision may be adopted on each issue put to a vote.

The General Meeting of Shareholders shall not be entitled to adopt any decisions on matters which are not included on the agenda or change the agenda.

Decisions adopted by the General Meeting of Shareholders on any issues not included on the agenda of the General Meeting of Shareholders (except where attended by all of the Company's shareholders) or with failure to comply with the competence of the General Meeting of Shareholders, in the absence of a quorum for the General Meeting of Shareholders, or without such majority of votes held by shareholders as necessary to adopt decisions shall be invalid whether or not they are appealed by recourse to court proceedings.

A decision may be adopted by the General Meeting of Shareholders without holding a meeting (physical presence of shareholders for the purposes of discussing the agenda and adopting decisions on issues put to a vote) by absentee voting.

The General Meeting of Shareholders whose agenda includes the election of the Board of Directors and the Internal Audit Commission, the approval of the Company's Auditor, and the issues specified in paragraph 10.2.10 of these Articles of Association may not be held in absentia.

The following persons shall have a right to vote on issues put to a vote at the General Meeting of Shareholders:

holders of the Company's ordinary shares;

holders of the Company's preference shares where specified in the Federal Law "On Joint-Stock Companies" and these Articles of Association.

10.4. The list of the persons entitled to participate in the General Meeting of Shareholders shall be made in accordance with the rules of the securities laws of the Russian Federation as applicable to making the list of persons that exercise the rights attaching to securities.

The date set for determining (registering) the persons entitled to participate in the General Meeting of Shareholders may not be earlier than ten (10) days after the date of adopting a decision to hold the General Meeting of Shareholders or later than twenty-five (25) days before the date of the General Meeting of Shareholders or, in the event specified in paragraph 10.6.2 of these Articles of Association, later than fifty-five (55) days before the date of the General Meeting of Shareholders.

In the case of the General Meeting of Shareholders the agenda of which contains an item concerning the Company's reorganization, the date set for determining (registering) the persons

entitled to participate in the General Meeting of Shareholders may not be later than 35 days before the date of the General Meeting of Shareholders.

The date set for determining (registering) the persons entitled to participate in the Company's General Meeting of Shareholders shall be disclosed at least seven (7) days prior to such date.

10.5. At the request of persons included on the list and holding at least one (1) percent of the votes, the Company shall provide access to the list of the persons entitled to participate in the General Meeting of Shareholders, except for any information concerning the intent of such persons, within seven (7) days after the date when the Company receives such request (or after the date when the Company receives the list if the Company receives such request before receiving the list). The information that allows the individuals on that list to be identified, except for their names, shall be provided only with the consent of such persons. Notices of the General Meeting of Shareholders shall be posted on the Company's website at [www.rosseti.ru](http://www.rosseti.ru) at least thirty (30) days before the date of the General Meeting of Shareholders.

In the instances specified in paragraph 10.6.2 of these Articles of Association and paragraphs 2 and 8 of Article 53 of the Federal Law "On Joint-Stock Companies," the date of the Extraordinary General Meeting of Shareholders shall be announced at least fifty (50) days before the scheduled date.

Pursuant to a decision of the Board of Directors, notices of the General Meeting of Shareholders may additionally be sent electronically to the Company's shareholders that provide the Company or the registrar with the electronic mail addresses to which such notices may be sent.

Any notice of the General Meeting of Shareholders shall specify as follows:

- full corporate name of the Company and the registered address of the Company;
- form of the General Meeting of Shareholders (in person or in absentia);
- date, place (including the particulars of the premises), time of the General Meeting of Shareholders and the postal address to which completed ballots may be sent or, if the General Meeting of Shareholders is held in absentia, the deadline date for receipt of ballots and the postal address to which completed ballots shall be sent;
- date set for determining (registering) the persons entitled to participate in the General Meeting of Shareholders;
- agenda of the General Meeting of Shareholders;
- procedure for providing access to information (materials) in the course of making preparations for the General Meeting of Shareholders, and the address(es) where it is available;
- categories (types) of shares whose holders have a right to vote on all or any items on the agenda of the General Meeting of Shareholders;
- electronic mail address to which completed ballots may be sent and/or the URL of the website on which an electronic form of ballots may be completed if such methods for sending and/or completing ballots are specified in a decision of the Company's Board of Directors in the course of making preparations for the General Meeting of Shareholders;
- information about the documents required for entrance to the premises where the General Meeting of Shareholders will be held if entrance to the premises is not free;

– start time of registration of the persons participating in the General Meeting of Shareholders held in the form of a meeting.

If any nominee shareholder is registered on the Company's shareholder register, then notice of the General Meeting of Shareholders and information (materials) that shall be provided for the persons entitled to participate in the General Meeting of Shareholders in the course of making preparations for the General Meeting of Shareholders of the Company shall be provided in accordance with the rules of the securities laws of the Russian Federation for providing information and materials for the persons exercising their rights attaching to securities.

The Company shall keep information about notices sent in accordance with this Article for five years after the date of the General Meeting of Shareholders.

#### 10.6. Proposals for the agenda of the Company's General Meeting of Shareholders.

10.6.1. Any shareholder(s) of the Company holding an aggregate of at least two (2) percent of the Company's voting shares shall have the right to include items on the agenda of the Annual General Meeting of Shareholders and nominate persons for the Board of Directors of the Company or the Internal Audit Commission of the Company, the number of such nominees not to exceed the number of members of the Company's relevant body. Such proposals shall arrive at the Company not later than ninety (90) days after the end of the reporting year.

10.6.2. If any proposed agenda of the Extraordinary General Meeting of Shareholders includes the election of the Company's Board of Directors, any shareholder(s) of the Company holding an aggregate of at least two (2) percent of the Company's voting shares shall have the right to nominate up to as many directors as there are on the Board of Directors of the Company. Such proposals shall arrive at the Company not later than thirty (30) days before the date of the Extraordinary General Meeting of Shareholders.

10.6.3. Proposals to include any items on the agenda of the Company's General Meeting of Shareholders and nomination proposals shall specify the name of the proposing shareholder(s), the quantity and category (type) of shares that they hold, and shall be signed by the shareholder(s) or their representatives. Any of the Company's shareholder(s) that are not registered on the Company's shareholder register may additionally submit proposals for the agenda of the General Meeting of Shareholders and nomination proposals by issuing the relevant directions (instructions) to the person responsible for accounting for their rights to shares. Such directions (instructions) shall be issued in accordance with the rules of the securities laws of the Russian Federation.

10.6.4. Any proposal to include items on the agenda of the Company's General Meeting of Shareholders shall contain the wording for each proposed item, and any nomination proposal shall contain the name of each nominee and the details of each nominee's identity document (document series and/or number, date and place of issue, issuing authority), the name of the body for which such nominee is proposed, and any other information about the nominees as provided for in the Regulations for the Preparation and Holding Procedure for the General Meeting of Shareholders of the Company. Any proposal to include items on the agenda of the Company's General Meeting of Shareholders may contain the wording of a decision on each proposed item.

10.6.5. The Company's Board of Directors shall consider any incoming proposals and decide either to include them on the agenda of the General Meeting of Shareholders or to refuse to do so not later than five (5) days after the end of the periods specified in paragraphs 10.6.1 and 10.6.2 of these Articles of Association. Any item proposed by the shareholder(s) shall be included on the agenda of the General Meeting of Shareholders, and nominees shall be included on the list of nominees for the relevant body of the Company to be put to a vote, unless:

- the deadlines specified in paragraphs 10.6.1 and 10.6.2 of these Articles of Association are not met by the shareholder(s);
- the shareholder(s) do not hold the required number of voting shares of the Company as specified in paragraphs 10.6.1 and 10.6.2 of these Articles of Association;
- the proposal does not satisfy the requirements specified in paragraphs 10.6.3 and 10.6.4 of these Articles of Association;
- the proposed item on the agenda for the Company's General Meeting of Shareholders falls beyond its competence and/or does not comply with the requirements of the Federal Law "On Joint-Stock Companies" or any other laws and regulations of the Russian Federation.

10.6.6. A substantiated decision of the Company's Board of Directors to refuse to include any proposed item on the agenda of the General Meeting of Shareholders or include any nominee on the list of nominees for the Company's Board of Directors or Internal Audit Commission shall be sent to the proposing or nominating shareholder(s) within three (3) days from the date of the decision. If such proposals are received by the Company from any persons that are not registered on the Company's shareholder register and issue directions (instructions) to the person responsible for accounting for their rights to shares, then such decision of the Company's Board of Directors shall be sent to such persons within three (3) days from the date of the decision in accordance with the rules of the securities laws of the Russian Federation as applicable to providing information and materials for persons that exercise their rights attaching to securities.

10.6.7. Apart from items proposed by shareholders for the agenda of the General Meeting of Shareholders, and if there are no such proposals, or none or an insufficient number of the nominees are proposed by shareholders for the relevant body of the Company, the Board of Directors shall be entitled to include items on the agenda of the Company's General Meeting of Shareholders or include nominees on the list of nominees at its discretion.

#### 10.7. Extraordinary General Meeting of Shareholders.

10.7.1. The Extraordinary General Meeting of Shareholders shall be held pursuant to a decision adopted by the Board of Directors on its own initiative or at the request of the Company's Internal Audit Commission, the Company's Auditor, and any shareholder(s) holding at least ten (10) percent of the Company's voting shares as of the date of the request.

The Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares shall be convened by the Company's Board of Directors.

10.7.2. The Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission, the Company's Auditor or any shareholder(s) holding at least ten (10) percent of the Company's voting shares shall be held within forty (40) days from the date of the request to hold the Extraordinary General Meeting of Shareholders. If any proposed agenda of the Extraordinary General Meeting of Shareholders includes the election of the Company's Board of Directors, the General Meeting of Shareholders shall be held within seventy-five (75) days from the date of the request to hold the Extraordinary General Meeting of Shareholders. In this case, the Company's Board of Directors shall be obliged to determine the deadline date for receipt of shareholders' nomination proposals for the Company's Board of Directors.

10.7.3. If the proposed agenda of the Extraordinary General Meeting of Shareholders includes the election of the Company's Board of Directors:

Any shareholder(s) of the Company holding an aggregate of at least two (2) percent of the Company's voting shares shall be entitled to nominate up to as many directors as there are on the Board of Directors of the Company.

Such proposals shall arrive at the Company not later than thirty (30) days before the date of the Extraordinary General Meeting of Shareholders.

The Company's Board of Directors shall consider any incoming proposals and decide either to include them on the agenda of the Extraordinary General Meeting of Shareholders or to refuse to do so not later than five (5) days after the end of the period specified in the fourth subparagraph of this subparagraph.

Notice of the Extraordinary General Meeting of Shareholders shall be given not later than fifty (50) days before the date of such meeting.

10.7.4. In the event that the Company's Board of Directors shall be obliged to decide to hold the Extraordinary General Meeting of Shareholders to elect members of the Company's Board of Directors pursuant to the Federal Law "On Joint-Stock Companies," such General Meeting of Shareholders shall be held within seventy (70) days from the date of the relevant decision of the Company's Board of Directors.

10.7.5. Any request to hold the Extraordinary General Meeting of Shareholders shall contain the wording of the items to be included on the agenda. Any request to hold the Extraordinary General Meeting of Shareholders may contain the wording of decisions on each of the items and specify the proposed form of the General Meeting of Shareholders.

The Company's Board of Directors may not make any changes in the wording of any items on the agenda, any decisions on such items or change the proposed form of the Extraordinary General Meeting of Shareholders convened at the request of the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares.

10.7.6. In the event that the convocation of the Extraordinary General Meeting of Shareholders is requested by any shareholder(s), the request shall contain the name(s) of the shareholder(s) requesting such convocation and specify the number and category (type) of shares that they hold.

10.7.7. Any request to convene the Extraordinary General Meeting of Shareholders shall be signed by the person(s) requesting the convocation of such Extraordinary General Meeting of Shareholders.

10.7.8. Within five (5) days from the date of the request by the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares to convene the Extraordinary General Meeting of Shareholders, the Company's Board of Directors shall decide to convene the Extraordinary General Meeting of Shareholders or refuse to do so.

A decision to refuse to convene the Extraordinary General Meeting of Shareholders requested by the Company's Internal Audit Commission, the Company's Auditor, or any shareholder(s) holding at least ten (10) percent of the Company's voting shares may be adopted if:

- the submission of a request to convene the Extraordinary General Meeting of Shareholders fails to comply with the procedure prescribed in this paragraph;

– the shareholder(s) requesting the Extraordinary General Meeting of Shareholders do not hold the number of the Company’s voting shares as specified in paragraph 10.7.1 of these Articles of Association;

– none of the items on the agenda proposed for the Extraordinary General Meeting of Shareholders falls within its competence and/or fails to comply with the requirements of the Federal Law “On Joint-Stock Companies” or any other laws and regulations of the Russian Federation.

10.7.9. Any decision of the Company’s Board of Directors to convene the Extraordinary General Meeting of Shareholders or its substantiated refusal to convene it shall be communicated to the persons requesting such meeting within three (3) days from the date of the decision/refusal. If any request to hold the Extraordinary General Meeting of Shareholders is received by the Company from any persons that are not registered on the Company’s shareholder register and issue directions (instructions) to the person responsible for accounting for their rights to shares, then such decision of the Company’s Board of Directors shall be sent to such persons within three (3) days from the date of the decision in accordance with the rules of the securities laws of the Russian Federation as applicable to providing information and materials for persons that exercise their rights attaching to securities.

Any decision of the Company’s Board of Directors to refuse to convene the Extraordinary General Meeting of Shareholders is subject to appeal in court.

10.7.10. In the event that, within the time period specified in these Articles of Association, the Company’s Board of Directors fails to adopt a decision to convene the Extraordinary General Meeting of Shareholders or refuses to convene it, then the Company’s body or persons requesting that it be convened may take legal action seeking the Company’s being ordered to hold the Extraordinary General Meeting of Shareholders.

A court decision to order the Company to hold the Extraordinary General Meeting of Shareholders shall specify the time and procedure for holding such meeting. Such court decision shall be put into effect by the claimant or, if petitioned by the claimant, by the Company’s body or any other person, subject to their consent. Such body may not be the Company’s Board of Directors. In this connection, the Company’s body or any person that, pursuant to a court decision, holds the Extraordinary General Meeting of Shareholders shall have all such powers necessary to convene and hold such meeting as specified in the Federal Law “On Joint-Stock Companies.” In the event that, pursuant to a court decision, the Extraordinary General Meeting of Shareholders is held by the claimant, the costs of preparing and holding such meeting may be reimbursable at the Company’s expense pursuant to a decision adopted by the General Meeting of Shareholders.

10.8. Any shareholder may exercise the right to attend the General Meeting of Shareholders either in person or by proxy.

Any shareholder shall at any time be entitled to replace such shareholder’s representative at the General Meeting of Shareholders or attend the General Meeting of Shareholders in person.

A shareholder’s representative at the General Meeting of Shareholders shall act to the extent of the powers based on federal laws or regulations of authorized government bodies or under a written power of attorney. The power of attorney shall contain information about the represented person and the representative (in the case of an individual, the name, identity document details (series and/or number, date and place of issue, issuing authority); in the case of a corporate entity, the name and registered address). The power of attorney to vote shall be issued in accordance with the requirements set forth in paragraphs 4 and 5 of Article 185 of the Civil Code of the Russian Federation or shall be notarized.

In the event that any share is transferred after the date of the list of the persons entitled to participate in the General Meeting of Shareholders and before the date of the General Meeting of Shareholders, the person included on the list shall give to the transferee a power of attorney to vote or vote at the General Meeting of Shareholders as instructed by such transferee if so provided for in the share transfer agreement.

In the event that any share of the Company is jointly owned by several persons, then the voting right shall be exercised at the General Meeting of Shareholders at their discretion either by one of the co-owners or by their joint representative. The powers of each of the said persons shall be properly formalized.

#### 10.9. Quorum of the General Meeting of Shareholders.

10.9.1. The General Meeting of Shareholders shall be legally qualified (shall have a quorum) if attended by shareholders holding an aggregate of more than half the votes of the Company's outstanding voting shares.

The shareholders who are registered as attendees of the General Meeting of Shareholders, including on the website specified in notice of the General Meeting of Shareholders (if provided for in a decision of the Company's Board of Directors), and the shareholders whose ballots are received or an electronic form of whose ballots is completed on the website specified in such notice (if provided for in a decision of the Company's Board of Directors) not later than two (2) days prior to the date of the General Meeting of Shareholders shall be deemed to be attendees of the General Meeting of Shareholders. The shareholders whose ballots are received or an electronic form of whose ballots is completed on the website specified in notice of the General Meeting of Shareholders (if provided for in a decision of the Company's Board of Directors) prior to the deadline date for receipt of ballots shall be deemed to be attendees of the General Meeting of Shareholders held in absentia.

The shareholders who, in accordance with the rules of the securities laws of the Russian Federation, issue voting directions (instructions) to the persons responsible for accounting for their rights to shares shall also be deemed to be attendees of the General Meeting of Shareholders if communications concerning their intent are received not later than two days prior to the date of the General Meeting of Shareholders or, in the case of the General Meeting of Shareholders held in absentia, prior to the deadline date for receipt of ballots.

10.9.2. If the agenda of the General Meeting of Shareholders includes any items to be voted on by different sets of voters, the decision-making quorums for those items shall be defined separately. The absence of a quorum to resolve issues to be voted on by one set of voters shall not prevent decision-making on issues to be voted on by a different set of voters for which there is a quorum.

10.9.3. If any Annual General Meeting of Shareholders fails to have a quorum, the General Meeting of Shareholders shall be held again to discuss the same agenda. If any Extraordinary General Meeting of Shareholders fails to have a quorum, the General Meeting of Shareholders may be held again to discuss the same agenda.

10.9.4. The General Meeting of Shareholders held again shall be legally qualified (shall have a quorum) if attended by shareholders holding an aggregate of at least thirty (30) percent of votes of the Company's outstanding voting shares.

10.9.5. In the event that the General Meeting of Shareholders is held again less than forty (40) days after the failed General Meeting of Shareholders, the persons entitled to participate in the General

Meeting of Shareholders shall be determined (registered) as of the date set for determining (registering) the persons entitled to attend the failed General Meeting of Shareholders.

If any Annual General Meeting of Shareholders to be held pursuant to a court decision fails to have a quorum, the General Meeting of Shareholders shall be held again within sixty (60) days to discuss the same agenda. In this connection, no further recourse to court proceedings is required. The General Meeting of Shareholders held again shall be convened and held by the person or the Company's body specified in a court decision, and, if such person or such body of the Company fails to convene the Annual General Meeting of Shareholders within the period prescribed in a court decision, such meeting shall be convened and held again by other persons or the Company's body taking legal action, provided that such persons or such body of the Company are specified in a court decision.

If any Extraordinary General Meeting of Shareholders to be held pursuant to a court decision fails to have a quorum, the General Meeting of Shareholders shall not be held again.

10.10. Voting on the items on the agenda of the General Meeting of Shareholders shall be only by ballot. Communications received by the Company's registrar concerning the intent of the persons entitled to participate in the General Meeting of Shareholders who are not registered on the Company's shareholder register and, in accordance with the requirements set forth in the securities laws of the Russian Federation, issue voting directions (instructions) to the persons responsible for accounting for their rights to shares shall be equivalent to voting by ballot.

Any ballot shall be sent by registered mail or delivered, against a signed acknowledgement of receipt, to each person specified in the list of the persons entitled to participate in the General Meeting of Shareholders not later than twenty (20) days before the date of the General Meeting of Shareholders.

10.11. Voting at the General Meeting of Shareholders shall comply with the principle "one voting share equals one vote," except for cumulative voting related to the election of members of the Company's Board of Directors.

10.12. The functions of the counting commission at the General Meeting of Shareholders shall be performed by the Company's registrar.

10.13. The minutes of the General Meeting of Shareholders shall be made in two copies not later than three (3) business days after the General Meeting of Shareholders is declared closed. Both copies shall be signed by the Presiding Officer of the General Meeting of Shareholders and the Secretary of the General Meeting of Shareholders.

The minutes of the General Meeting of Shareholders shall be posted on the Company's corporate website at [www.rosseti.ru](http://www.rosseti.ru) within three (3) business days after the date of its issue.

Any voting report shall be made and signed by the Company's registrar within three (3) business days after the General Meeting of Shareholders is declared closed or, if the General Meeting of Shareholders is held in absentia, after the deadline date for receipt of ballots.

The decisions adopted by the General Meeting of Shareholders and the voting results may be announced at the General Meeting of Shareholders during which such voting takes place and shall be communicated as the Voting Report to the persons included on the list of the persons entitled to participate in the General Meeting of Shareholders in accordance with the same procedure as prescribed for publishing the notice of the General Meeting of Shareholders within four (4) business

days after the General Meeting of Shareholders is declared closed or, if the General Meeting of Shareholders is held in absentia, after the deadline date for receipt of ballots.

If, on the date set for determining (registering) the persons entitled to participate in the General Meeting of Shareholders, any nominee shareholder is registered on the Company's shareholder register, then information contained in the Voting Report shall be made available to such nominee shareholder in accordance with the rules of the securities laws of the Russian Federation as applicable to providing information and materials for persons that exercise their rights attaching to securities.

10.14. Holding the General Meeting of Shareholders in the form of a meeting may use information and communication technology that makes it possible to enable shareholders to remotely participate in the General Meeting of Shareholders, discuss the agenda items, and adopt decisions on the issues put to a vote, without being physically present at the General Meeting of Shareholders.

### **Article 11. Board of Directors of the Company**

11.1. The Company's Board of Directors is the collegial management body controlling the activities of the Company's sole executive body and performing other functions assigned to the Board of Directors under the law or the Company's Articles of Association. The competence of the Company's Board of Directors shall include the general management of the Company's activities except for any issues that, in accordance with the Articles of Association of the Company, fall within the competence of the General Meeting of Shareholders.

The competence of the Company's Board of Directors shall include the following issues:

1. determine the priority areas of the Company's activities;
2. convene the Annual and Extraordinary General Meetings of Shareholders, except where otherwise specified in paragraph 10.7.8 of these Articles of Association;
3. approve the agenda of the General Meeting of Shareholders;
4. define the date of the list of the persons entitled to participate in the General Meeting of Shareholders, and other matters falling within the competence of the Company's Board of Directors in accordance with the provisions of Chapter VII of the Federal Law "On Joint-Stock Companies" and associated with the preparation and holding of the General Meeting of Shareholders;
5. submit for review by the General Meeting of Shareholders the issues specified in subparagraphs 2, 6, and 12–16 of paragraph 10.2 of these Articles of Association, the issue related to a decrease in the authorized capital of the Company by reducing the par value of shares, and the issue in relation to determining the date of the list of the persons entitled to dividends;
6. increase the authorized capital of the Company by means of the Company's placement of additional shares where specified in these Articles of Association;
7. approve decisions on the issue (additional issue) of securities, issue prospectus, report on the issue of securities; approve reports on the purchase of shares from the Company's shareholders, reports on the retirement of shares, and reports on the Company's shareholders' requests to purchase their shares;
8. decide on the Company's placement of additional shares into which the Company's outstanding preference shares of a certain type are converted, which shares are convertible into

ordinary or preference shares of other types, provided that such placement does not involve any increase in the Company's authorized capital, on the Company's placement of bonds, including the approval of a bond program (the first part of a decision on the issue of bonds) containing the generally determined rights of bondholders and other general terms and conditions of one or more bond issues, and on the Company's placement of other issue-grade securities except for shares;

9. determine the value (money value) of the property and the offering price, or the procedure for determining the offering price, and the buyback price of issue-grade securities where specified in the Federal Law "On Joint-Stock Companies";

10. acquire shares, bonds, and other issue-grade securities placed by the Company where specified in the Federal Law "On Joint-Stock Companies";

11. appoint the person authorized to define the terms and conditions and sign the employment contracts with the Company's Director General and the members of the Company's Management Board;

12. make recommendations concerning the size of remuneration and compensation payable to members of the Company's Internal Audit Commission and set the size of the Auditor's fees;

13. make recommendations as to the size of dividends on shares and the procedure for dividend payment;

14. prescribe the procedure for forming and using the Company's funds;

15. approve the Company's internal documents, except for internal documents that, in accordance with these Articles of Association, shall be approved by the General Meeting of Shareholders or the Company's executive bodies;

16. set up (liquidate) branch offices and open (liquidate) representative offices of the Company;

17. decide on the Company's participation in other organizations except for those specified in paragraph 10.2.15 of these Articles of Association (on joining an operating organization or establishing a new organization) and on the acquisition, disposal, and encumbrance of their shares and stakes and change in the ownership interest in the said organizations;

18. decide to give consent or subsequent approval to major transactions as specified in Chapter X of the Federal Law "On Joint-Stock Companies";

19. decide to give consent or subsequent approval to transactions specified in Chapter XI of the Federal Law "On Joint-Stock Companies";

20. define a policy and adopt decisions concerning the obtaining and granting (extending) of loans, advances, guarantees, pledges and suretyship in accordance with the procedure defined by the Company's Board of Directors;

21. approve the procedure for the Company's interaction with economic entities whose shares and stakes are held by the Company ("Interaction Procedure") and adopt decisions falling within its competence in accordance therewith;

22. define the position of the Company (representatives of the Company), including instructions to participate or not participate in voting on the items on the agenda, vote for or against

or abstain from voting, on the following items on the agendas of general meetings of shareholders (members) of subsidiaries and dependent companies ("SDCs") and meetings of boards of directors of SDCs, including for the purposes of the Company controlling the decisions adopted by subsidiaries and dependent companies of SDCs:

- a) define agendas of General Meetings of Shareholders (Members) of SDCs;
- b) reorganize or liquidate SDCs;
- c) determine the number of members of the boards of directors of SDCs, nominate and elect such members and decide on early termination of their powers;
- d) determine the quantity, par value, category (type) of the authorized shares of SDCs and rights attaching thereto;
- e) increase the authorized capital of SDCs by increasing the par value of shares or placing additional shares;
- f) place SDCs' securities convertible into ordinary shares;
- g) decide on the splitting and consolidation of SDCs' shares;
- h) decide to give consent or subsequent approval to major transactions entered into by SDCs;
- i) decide on participation of SDCs in other organizations (on joining an operating organization or establishing a new organization) and (subject to the provisions of subparagraphs "j" and "k") on the acquisition, disposal, and encumbrance of shares and stakes in the authorized capital of organizations in which SDCs participate, and on the change in the ownership interest in the relevant organization;
- j) decide on entering into transactions by SDCs (including acquiring, disposing of, pledging or otherwise encumbering by entering into one or more associated transactions) in relation to shares and stakes in subsidiaries and dependent companies of SDCs which are engaged in the generation, transmission, dispatching, distribution, and sale of electricity and heat, irrespective of the number of shares (amount of interests in the authorized capital) of such companies;
- k) decide on entering into transactions by SDCs (including acquiring, disposing of, pledging or otherwise encumbering by entering into one or more associated transactions) in relation to shares and stakes in subsidiaries and dependent companies of SDCs which are not engaged in the generation, transmission, dispatching, distribution, or sale of electricity and heat;
- l) decide on entering into transactions by SDCs (including several associated transactions) in relation to the acquisition, disposal, or possible disposal of the property that is capital assets, intangible assets, and construction-in-progress facilities intended for the generation, transmission, dispatching, and distribution of electricity and heat;
- m) decide on entering into transactions by SDCs (including several associated transactions) in relation to the acquisition, disposal, or possible disposal of the property that is capital assets, intangible assets, and construction-in-progress facilities not intended for the generation, transmission, dispatching, or distribution of electricity and heat;
- n) define the position of SDCs' representatives on the items on the agendas of general meetings of shareholders (members) and meetings of the boards of directors of subsidiaries and dependent

companies of SDCs in relation to entering into (approving) transactions (including several associated transactions) connected with the acquisition, disposal, or possible disposal of the property that is capital assets, intangible assets, and construction-in-progress facilities intended for the generation, transmission, dispatching, and distribution of electricity and heat;

o) define the position of SDCs' representatives on the items on the agendas of general meetings of shareholders of (members) and meetings of the boards of directors of subsidiaries and dependent companies of SDCs engaged in the generation, transmission, dispatching, distribution, and sale of electricity and heat with respect to the reorganization of, liquidation of, and increase in the authorized capital of such companies by increasing the par value of the shares or by placing additional shares, and placing of securities convertible into ordinary shares;

p) additionally in relation to FGC UES, PJSC, define the position on the following issues:

- establishment of the executive body of FGC UES, PJSC and the termination of its powers;
- recommendations for the amount of dividends;
- election of the Chairman of the Board of Directors of FGC UES, PJSC;
- approval of the organizational structure of FGC UES, PJSC's executive arm (Chairman of the Management Board, Deputy Chairmen of the Management Board, departments) and amendments thereto;
- priorities established for FGC UES, PJSC, approval of the long-term development programs of FGC UES, PJSC (including the approval of the Company's investment program) and amendments and supplements thereto, and consideration of the sole executive body's annual reports on their implementation;
- approval and adjustment of the business plan including FGC UES, PJSC's budget and the consideration of annual reports on its implementation;
- approval of the technique for calculating and evaluating the key performance indicators (KPI) of FGC UES, PJSC, their target values (adjusted values), and reports on their attainment;
- approval of FGC UES, PJSC's internal documents that require approval from the Board of Directors of FGC UES, PJSC;
- decisions on issues falling within the competence of the General Meeting of Shareholders of FGC UES, PJSC.

The Board of Directors of the Company shall adopt decisions on issues provided for in items "i," "k," "l," "m," and "n" of subparagraph 22 of paragraph 11.1 of Article 11 of these Articles of Association in the instances (to the extent) defined by the Interaction Procedure approved by the Board of Directors of the Company in accordance with subparagraph 21 of paragraph 11.1 of Article 11 of these Articles of Association.

In the absence of any decision adopted by the Board of Directors of the Company to define the position of the Company (representatives of the Company) on such items on the agendas of meetings of SDCs' management bodies as specified in subparagraph 22 of paragraph 11.1 of Article 11 of these Articles of Association, the Company's representative shall vote "against" or forbear from voting on items on the agendas of meetings of SDCs' management bodies.

The Board of Directors of the Company is not required to decide on defining the position of the Company (representatives of the Company) on such items on the agendas of meetings of SDCs' management bodies as specified in subparagraph 22 of paragraph 11.1 of Article 11 of these Articles of Association if the size of any stake held by the Company in SDCs or the number of the Company's

representatives in SDCs' management bodies does not allow the Company to influence the decisions adopted by SDCs' management bodies.

In the event that any issues are required to be included on the agenda of annual general meetings of shareholders (members) of SDCs under law and in the event that any issues are required to be included on the agenda of annual general meetings of shareholders (members) of SDCs as requested by internal audit commissions of SDCs, auditors of SDCs, and shareholders of SDCs, then the Board of Directors of the Company is not required to decide on defining the position of the Company (representatives of the Company) on the issue specified in item "a" of subparagraph 22 of paragraph 11.1 of Article 11 of these Articles of Association.

23. give prior approval to decisions to enter into transactions involving the Company's noncurrent assets constituting from ten (10) percent to twenty-five (25) percent of the book value of such assets according to the accounting (financial) statements as of the latest reporting date;

24. give prior approval to decisions on the Company entering into transactions (including several associated transactions) in connection with the disposal or possible disposal of the property that is capital assets, intangible assets, and construction-in-progress facilities intended for the generation, transmission, dispatching, and distribution of electricity and heat in the instances (to the extent) determined by separate decisions of the Board of Directors of the Company;

25. give prior approval to decisions on the Company entering into transactions (including several associated transactions) in connection with the disposal or possible disposal of the property that is capital assets, intangible assets, and construction-in-progress facilities not intended for the generation, transmission, dispatching, or distribution of electricity and heat in the instances (to the extent) determined by separate decisions of the Board of Directors of the Company;

26. approve the Company's registrar and the terms and conditions of the contract therewith and the termination thereof;

27. decide on the election (appointment) of the Company's Director General and the members of the Company's Management Board and on the early termination of their powers;

28. approve and change the organizational structure of the Company's executive arm (Director General, members of the Management Board, Departments);

29. give consent to nominations for the Deputy Director General and the Chief Accountant of the Company;

30. decide on the suspension of the powers of a management organization (manager);

31. decide on the acquisition of the Company's own shares as provided for in law and on the disposal of the Company's treasury shares;

32. review the consolidated investment program of the Holding Company;

33. review the ROSSETI Group's business plan and the Company's budget;

34. approve the technique for calculating and evaluating the key performance indicators (KPI) of the Director General of the Company, their target values (adjusted values), and reports on their attainment;

35. make an application for the listing of the Company's shares and/or the Company's issue-grade securities convertible into its shares;

36. establish the Committees of the Company's Board of Directors, appoint members of the Committees of the Company's Board of Directors, elect the Chairmen of the Committees of the Company's Board of Directors, and approve the Regulations for the Committees of the Company's Board of Directors (including the approval of amendments and supplements thereto and restated versions of the Regulations);

37. give consent to the appointment and dismissal of the Company's Corporate Secretary, decide on additional remuneration paid to the Corporate Secretary, and approve the Regulations for the Corporate Secretary of the Company;

38. approve uniform standards, regulations, and other documents related to the electric power industry with respect to various areas of the Company's activities;

39. review on an annual basis the reports of the Director General and the Management Board on the organization, functioning, and effectiveness of the risk management and internal control system, evaluate the functioning of this system, and formulate recommendations for its improvement;

40. approve the risk management and internal control policies of the Company;

41. approve the internal audit policy of the Company;

42. approve the Internal Audit Action Plan and the budget of the internal audit division;

43. give consent to the appointment and dismissal of the chief internal audit executive and determine his or her remuneration;

44. examine substantial constraints on the powers of the internal audit division or any other constraints that can adversely affect internal audit;

45. resolve other issues specified in the Federal Law "On Joint-Stock Companies" and the Company's Articles of Association.

Issues falling within the competence of the Company's Board of Directors may not be delegated to executive bodies. The Company's Board of Directors may prescribe the procedure and terms governing the exercise of the powers of the Company's Board of Directors and executive bodies in relation to entering into transactions and making individual decisions on the issues specified in paragraph 11.1 of these Articles of Association.

11.2. The Board of Directors shall consist of fifteen (15) members. Members of the Company's Board of Directors shall be elected by the General Meeting of Shareholders by cumulative vote for a term until the next Annual General Meeting of Shareholders. The General Meeting of Shareholders may decide on early termination of their powers only with regard to all members of the Board of Directors.

If any Annual General Meeting of Shareholders is not held within the period specified in paragraph 10.1 of these Articles of Association, the powers of the Company's Board of Directors shall terminate except for the powers to prepare, convene, and hold the Annual General Meeting of Shareholders.

Only an individual may be a member of the Board of Directors.

The members of the Company's Management Board may not constitute more than one-fourth of the members of the Company's Board of Directors.

Persons elected to the Board of Directors may be reelected for any number of successive terms.

The Chairman of the Board of Directors shall be elected by members of the Board of Directors from among themselves by a majority of votes of all members of the Board of Directors.

The Board of Directors shall be entitled to reelect its Chairman at any time by a majority of votes of all members of the Board of Directors.

During his/her term in office, the Director General of the Company may not hold office as the Chairman of the Board of Directors of the Company.

11.3. Any decisions adopted by the Company's Board of Directors shall be legally qualified if their discussion involved at least half the members of the Company's Board of Directors.

Decisions at any meeting of the Company's Board of Directors shall be adopted by a majority of votes of the members of the Company's Board of Directors present at such meeting, except where otherwise provided for in the laws of the Russian Federation and these Articles of Association.

If the Board of Directors shall decide on any transaction for several different reasons (as specified in these Articles of Association and as specified in Chapter X or Chapter XI of the Federal Law "On Joint-Stock Companies"), the provisions of the Federal Law "On Joint-Stock Companies" shall apply to the procedure for considering such transaction.

Decisions related to paragraphs 11.1.6 and 11.1.18 of these Articles of Association and as specifically set forth in the Federal Law "On Joint-Stock Companies" and these Articles of Association shall be adopted unanimously.

Decisions on the issues specified in paragraphs 11.1.1, 11.1.5, 11.1.9, 11.1.13, 11.1.17, 11.1.22 (subparagraph "b"), 11.1.23, 11.1.25, 11.1.33, and 11.1.35 of these Articles of Association and on the issues associated with the approval of the Company's dividend policy and amendments thereto and related to accepting recommendations with respect to any voluntary or mandatory proposal received by the Company shall be adopted by a majority of votes of all elected active members of the Company's Board of Directors.

In making decisions related to paragraphs 11.1.17 and 11.1.23 of these Articles of Association, the Board of Directors shall, pursuant to Article 77 of the Federal Law "On Joint-Stock Companies," also determine the value (money value) of the property that is the subject of such transactions.

Decisions of the Board of Directors may also be adopted by absentee voting (by ballot).

In determining a quorum and the voting results related to an item on the agenda of a meeting of the Board of Directors, written opinions of members of the Board of Directors who are absent from the meeting shall be taken into account, provided that such opinions are received before the voting results are obtained in relation to the relevant item on the agenda.

In the event of equality of votes, the Chairman of the Board of Directors shall have the decisive vote.

11.4. Meetings of the Board of Directors shall be held as often as necessary, but at least once every six weeks.

11.5. The Chairman of the Company's Board of Directors shall organize the work of the Board of Directors, convene and chair meetings of the Company's Board of Directors, arrange for minutes of meetings of the Board of Directors to be kept, and chair the Company's General Meeting of Shareholders.

If the Chairman of the Company's Board of Directors is unavailable, his/her functions shall be performed by a member of the Board of Directors as decided by the Board of Directors.

11.6. Members of the Board of Directors shall act to the benefit of the Company and exercise their rights and perform their obligations in good faith, reasonably, and in the best way to the benefit of the Company.

Members of the Board of Directors shall be liable to the Company for losses incurred by the Company due to their faulty acts (omissions) unless any other grounds for or scope of liability is specified in federal laws.

11.7. Decisions adopted by the Company's Board of Directors with failure to comply with the competence of the Company's Board of Directors, in the absence of a quorum for a meeting of the Company's Board of Directors, or without such majority of votes held by members of the Company's Board of Directors as necessary to adopt decisions shall be invalid whether or not they are appealed by recourse to court proceedings.

## **Article 12. Executive Bodies of the Company**

12.1. The collegial executive body, the Management Board of the Company, and the sole executive body, the Director General of the Company, shall be in charge of the Company's day-to-day activities.

12.2. The Management Board of the Company and the Director General of the Company shall be accountable to the General Meeting of Shareholders and the Board of Directors of the Company.

12.3. Pursuant to a decision adopted by the General Meeting of Shareholders, the powers of the Company's sole executive body may be vested in a management organization or manager under a contract.

The rights and obligations of the management organization (manager) in relation to managing the Company's day-to-day activities shall be subject to the laws of the Russian Federation and the contract between the Company and the management organization (manager).

The contract with the management organization (manager) shall be signed on behalf of the Company by the Chairman of the Company's Board of Directors or the person authorized by the Company's Board of Directors.

The terms and conditions of the contract with the management organization (manager), including with respect to the term of the powers, shall be defined by the Company's Board of Directors.

12.4. The formation of the Company's executive bodies and the early termination of their powers shall be approved by decisions of the Company's Board of Directors except where otherwise provided for in federal laws and these Articles of Association.

12.5. The rights and obligations of the Company's Director General and the members of the Company's Management Board in relation to managing the Company's day-to-day activities shall be subject to the laws of the Russian Federation, these Articles of Association, and the employment contract between each of them and the Company.

The employment contract on behalf of the Company shall be signed by the Chairman of the Company's Board of Directors or the person authorized by the Company's Board of Directors.

The terms and conditions of the employment contract, including with respect to the term of

the powers of the Company's Director General and the members of the Company's Management Board, shall be defined by the Chairman of the Company's Board of Directors or the person authorized by the Company's Board of Directors to sign the employment contract.

The employer's rights and obligations on behalf of the Company in relation to the Company's Director General and the members of the Company's Management Board shall be exercised and performed by the Chairman of the Company's Board of Directors or the person authorized by the Company's Board of Directors.

12.6. The Director General of the Company may not simultaneously hold office in other organizations' management bodies or have any other gainful employment at other organizations without the consent of the Company's Board of Directors.

12.7. The members of the Company's Management Board may not simultaneously hold office in other organizations' management bodies without the consent of the Company's Board of Directors.

12.8. The powers of the Company's Director General and the members of the Company's Management Board shall be terminated for the reasons specified in the laws of the Russian Federation and the employment contracts between the Company and the Company's Director General and the members of the Company's Management Board.

12.9. The Board of Directors of the company may at any time decide on the termination of the powers of the Company's Director General and the members of the Company's Management Board and establish a new executive body of the Company.

12.10. The General Meeting of Shareholders may at any time decide on the early termination of the powers of the management organization or the manager.

12.11. In exercising their rights and performing their obligations, the Company's Director General, the members of the Company's Management Board, and the management organization (manager) shall act to the benefit of the Company and exercise their rights and perform their obligations in relation to the Company in good faith and reasonably.

12.12. The Company's Director General, the members of the Company's Management Board, and the management organization (manager) shall be liable to the Company for losses incurred by the Company due to their faulty acts (omissions) unless any other grounds for or scope of liability is specified in federal laws.

### **Article 13. Management Board of the Company**

13.1 The Management Board of the Company shall be the Company's collegial executive body headed by the Director General of the Company. The members of the Company's Management Board shall be elected by the Company's Board of Directors.

The number of the members of the Management Board shall be determined by the Company's Board of Directors at the suggestion of the Company's Director General.

The time and procedure for convening and holding meetings of the Management Board, a quorum of meetings of the Management Board, and the procedure for adopting the Management Board's decisions shall be governed by the Company's internal document approved by the General Meeting of Shareholders.

13.2 The competence of the Management Board shall include the following issues:

1) develop the priority areas of the Company's activities and long-term implementation plans and submit them for approval by the Board of Directors;

2) prepare a report on the Company's financial and economic activities and on the organization, functioning, and effectiveness of the Company's risk management and internal control system;

3) exercise the powers of general meetings of shareholders (members) of the Company's wholly-owned SDCs;

4) nominate persons as chairmen of boards of directors, sole executive bodies, and the Company's representatives on boards of directors and in internal audit commissions of organizations of any legal form of ownership in which the Company participates (except where the functions of general meetings of shareholders of SDCs are performed by the Company's Management Board and except where (with respect to nominating persons as chairmen of boards of directors and sole executive bodies of SDCs) the size of any stake (interest) held by the Company in SDCs or the number of votes of any nonprofit organizations to which the Company is entitled does not allow the Company to influence the decisions adopted by SDCs' or nonprofit organizations' management bodies on the election of chairmen of boards of directors and sole executive bodies of SDCs and nonprofit organizations from among the persons nominated by the Company);

5) define the position of the Company (the Company's representatives), including the instructions to vote or not to vote on any issues on the agendas of general meetings of shareholders and meetings of boards of directors of SDCs provided for in subparagraphs "i," "k," "l," "m," and "n" of paragraph 11.1.22 of these Articles of Association, unless, pursuant to the Interaction Procedure, the Company's Board of Directors shall decide on such issues;

6) resolve other issues related to the Company's activities pursuant to decisions adopted by the General Meeting of Shareholders or the Board of Directors, and other issues submitted by the Company's Director General for its review.

Any decisions adopted by the Company's Management Board shall be recorded, with records to be signed by the Company's Director General.

The members of the Management Board shall act to the benefit of the Company and exercise their rights and perform their obligations in good faith, reasonably, and in the best way to the benefit of the Company.

#### **Article 14. Director General of the Company**

14.1. The Director General of the Company shall be in charge of the Company's day-to-day activities pursuant to decisions adopted by the General Meeting of Shareholders and the Board of Directors of the Company within their competence.

14.2. The competence of the Director General of the Company shall include all matters related to the management of the Company's day-to-day activities, except for any issues falling within the competence of the General Meeting of Shareholders, the Board of Directors, or the Management Board of the Company.

14.3. The Director General of the Company shall act on behalf of the Company without a power of attorney, including performing the following functions subject to the restrictions specified in the applicable laws, these Articles of Association, and decisions adopted by the Company's Board of Directors:

- 1) ensure the implementation of the Company's action plans necessary to attain its objectives;
- 2) arrange for keeping the Company's records and accounts and preparing the Company's accounting (financial) statements;
- 3) dispose of the Company's property, enter into transactions on behalf of the Company, issue powers of attorney, and open the Company's settlement and other accounts with banks and other credit institutions (and, as provided for in law, with organizations that are professional participants in the securities market) except where subject to a decision to be adopted by the Management Board, the Board of Directors, or the General Meeting of Shareholders of the Company;
- 4) issue orders, approve directives, local regulatory documents, and other internal documents of the Company, give instructions which shall be binding upon all employees of the Company;
- 5) approve the Regulations for the Company's branch offices and representative offices;
- 6) approve the staffing table and official salaries of the Company's employees in accordance

with the organizational structure of the Company's executive staff;

7) perform the functions of the Chairman of the Company's Management Board;

8) exercise the rights and perform the obligations of an employer in relation to the Company's employees as provided for in labor law;

9) organize the work of the Company's Management Board and preside at its meetings;

10) submit for review by the Board of Directors the proposals for the nomination and dismissal of members of the Management Board;

11) distribute duties among the deputies of the Company's Director General;

12) submit for review by the Company's Board of Directors the reports on financial and economic activities of the Company and on the organization, functioning, and effectiveness of the Company's risk management and internal control system;

13) appoint the persons representing the Company at meetings of members of the economic entities whose shares and stakes are held by the Company;

14) approve the technique for calculating and evaluating the key performance indicators of the Company's business units (officers), their target values (adjusted values), and reports on their attainment;

15) submit for approval by the Board of Directors a nominee for the chief internal audit executive and submit for consideration by the Board of Directors the issue related to dismissing the chief internal audit executive and the issue related to determining his or her remuneration;

16) approve a document (the second part of a decision on the issue of bonds) containing the terms and conditions of a specific bond issue under a bond program;

17) resolve other issues related to the Company's day-to-day activities, except for any issues falling within the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company.

14.4. The Director General of the Company shall be elected by the Company's Board of Directors. Any persons shall be nominated as the Director General of the Company in accordance with the procedure set forth in the internal document governing the convocation and holding of meetings of the Company's Board of Directors.

### **Article 15. Corporate Secretary of the Company**

15.1. The Corporate Secretary of the Company shall be the Company's officer assuring the Company's compliance with the applicable laws, these Articles of Association, and the Company's internal documents that ensure the protection of the rights and legitimate interests of the Company's shareholders.

15.2. The Corporate Secretary of the Company shall be appointed and dismissed by the Company's Director General pursuant to a decision of the Board of Directors and, in his or her activities, shall be accountable directly to the Board of Directors.

15.3. The functions of the Company's Corporate Secretary shall include providing organizational support for the work of the Company's Board of Directors, participating in the organization of preparing and holding the Company's General Meeting of Shareholders, participating in the implementation of the Company's policy on the disclosure of information and the Company's policy on keeping the Company's corporate documents, participating in improving the system and practices of the Company's corporate governance, and performing other functions provided for in the Regulations for the Corporate Secretary of the Company.

## **Article 16. Control of the Company's Financial and Economic Activities**

16.1. The Company's Internal Audit Commission shall be elected annually by the General Meeting of Shareholders of the Company and shall consist of five (5) members. The Company's Internal Audit Commission shall adopt decisions by a majority of votes of its members.

The Company's Internal Audit Commission shall act within the limits of the powers specified in the Federal Law "On Joint-Stock Companies."

The Company's Internal Audit Commission shall act in accordance with the procedure set forth in an internal document of the Company approved by the General Meeting of Shareholders.

Audits (inspections) of the financial and economic activities of the Company shall be carried out after the end of the Company's annual performance, and at any time on the initiative of the Company's Internal Audit Commission, pursuant to a decision adopted by the General Meeting of Shareholders or the Company's Board of Directors, or at the request of the Company's shareholder(s) holding an aggregate of at least ten (10) percent of the Company's voting shares.

At the request of the Company's Internal Audit Commission, officers of the Company's management bodies shall provide documents about the Company's financial and economic activities.

The Company's Internal Audit Commission shall be entitled to request the convocation of the Extraordinary General Meeting of Shareholders in accordance with paragraph 10.7.1 of these Articles of Association.

Members of the Company's Internal Audit Commission may not be members of the Company's Board of Directors or hold other positions in the Company's management bodies at the same time.

Shares held by members of the Company's Board of Directors or officers of the Company's management bodies may not participate in voting on the election of members of the Company's Internal Audit Commission.

Pursuant to a decision adopted by the General Meeting of Shareholders, remuneration and/or reimbursement for expenses associated with the performance of their duties may be paid to members of the Company's Internal Audit Commission during their office. The size of such remuneration and reimbursement shall be determined by the General Meeting of Shareholders.

16.2. The Company's Auditor (audit organization) shall audit the Company's financial and economic activities in accordance with the laws and regulations of the Russian Federation under a contract with the Auditor.

The Auditor of the Company shall be recommended to the General Meeting of Shareholders by the Board of Directors of the Company according to the results of a competitive selection of the audit organization for the mandatory audit of the Company, which selection is conducted in accordance with the procedure prescribed in the Board of Directors of the Company.

The General Meeting of Shareholders shall approve the Auditor (audit organization) of the Company. The size of the Auditor's fee shall be defined by the Company's Board of Directors.

## **Article 17. Accounting and Reporting. Documents of the Company. Information About the Company**

17.1. The Company shall keep records and accounts and submit accounting (financial) statements in accordance with the procedure provided for in the Federal Law "On Joint-Stock Companies" and other laws and regulations of the Russian Federation.

The Director General of the Company shall be responsible for the organization, maintenance, and reliability of the Company's records and accounts, the timely submission of accounting (financial) statements to the relevant authorities, and the provision of information about the Company's activities for shareholders, creditors and the mass media pursuant to the Federal Law "On Joint-Stock Companies," other laws and regulations of the Russian Federation, and the Company's Articles of Association.

The reliability of data contained in the Company's annual report and annual accounting (financial) statements shall be confirmed by the Company's Internal Audit Commission.

The Company shall engage an audit organization that does not share property interests with the Company or its shareholders to conduct an annual audit of annual accounting (financial) statements.

The Company's annual report shall be pre-approved by the Company's Board of Directors not later than thirty (30) days before the date of the General Meeting of Shareholders.

17.2. The Company shall keep the following documents:

- Articles of Association of the Company, amendments and supplements to the Articles of Association of the Company registered in accordance with the prescribed procedure, the decision to establish the Company, and the document certifying the Company's state registration;
- documents confirming the Company's right to the property accounted for in its balance sheet;
- internal documents of the Company;
- regulations for the Company's branch offices and representative offices;
- annual reports;
- accounting documents;
- documents related to accounting (financial) statements;
- minutes of General Meetings of Shareholders, meetings of the Company's Board of Directors, and meetings of the Company's Internal Audit Commission and the Company's Management Board;
- ballots for voting and powers of attorney (copies thereof) to participate in the General Meeting of Shareholders;
- appraisers' reports;
- lists of the Company's affiliates;

- lists of the persons entitled to participate in the General Meeting of Shareholders and of the persons entitled to dividends, and other lists made by the Company for the exercise by shareholders of their rights pursuant to the Federal Law “On Joint-Stock Companies”;
- statements by the Company’s Internal Audit Commission, the Company’s Auditor, governmental and municipal financial supervision authorities;
- decisions on the issue of securities, prospectuses, reports on the issue of securities, quarterly reports of the issuer of securities, and other documents containing information to be published or otherwise disclosed pursuant to the Federal Law “On Joint-Stock Companies” and other federal laws;
- notices of signed shareholders' agreements sent to the Company and lists of the persons that have entered into such agreements;
- court rulings on disputes related to incorporating, managing, or holding a stake in the Company;
- other documents required by the Federal Law “On Joint-Stock Companies,” the Company’s Articles of Association, the Company’s internal documents, decisions of the General Meetings of Shareholders, the Company’s Board of Directors, the Company’s Management Board, and the Company’s Director General, and documents required by laws and regulations of the Russian Federation.

The Company shall keep the above-mentioned documents at the Company’s registered address in accordance with the procedure and within the period required by the Bank of Russia.

17.3. Information about the Company shall be disclosed by the Company pursuant to the Federal Law “On Joint-Stock Companies” and other laws and regulations of the Russian Federation.

17.4. The Company shall provide shareholders with access to the documents specified in paragraph 17.2 of these Articles of Association. Accounting documents and minutes of meetings of the Company’s Management Board shall be made available to the shareholder(s) holding an aggregate of at least twenty-five (25) percent of the Company’s voting shares.

### **Article 18. Liquidation and Reorganization of the Company**

18.1. The Company may be liquidated on a voluntary basis in accordance with the procedure set forth in the Civil Code of the Russian Federation and subject to the requirements of the Federal Law “On Joint-Stock Companies” and the Company’s Articles of Association.

The Company may be liquidated pursuant to a court decision for the reasons set forth in the Civil Code of the Russian Federation.

The liquidation of the Company shall entail its dissolution without any transfer of its rights and obligations to legal successors.

18.2. The Company may be reorganized on a voluntary basis through a merger, takeover, split-up, spin-off, and transformation in accordance with the procedure provided for in the Federal Law “On Joint-Stock Companies.”

18.3. The Company shall be deemed to be reorganized, except for the reorganization through a takeover, as of the state registration of the corporate entities established as a result of reorganization. In the case of the Company’s reorganization through its takeover of any other company, the Company shall be deemed to be reorganized as of the time when the dissolution of the taken over company is registered on the Uniform State Register of Juridical Persons.